

Message Text

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TO AMEMBASSY MANAGUA

AMEMBASSY TEGUCIGALPA

AMEMBASSY YAOUNDE

INFO USDEL MTN GENEVA

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: ETRD, NH, HO, CM, EC

SUBJECT: ESCAPE CLAUSE PROCEEDING ON WRAPPER TOBACCO --
INTERNATIONAL TRADE COMMISSION MAKES SECOND NEGATIVE
DETERMINATION

1. FOLLOWING IS THE TEXT OF THE PERTINENT PART OF AN INTERNATIONAL TRADE COMMISSION PRESS RELEASE ISSUED NOVEMBER 5 ANNOUNCING THAT UNITED STATES WRAPPER TOBACCO GROWERS WERE NOT ELIGIBLE FOR ASSISTANCE UNDER THE IMPORT RELIEF PROVISIONS OF THE TRADE ACT OF 1974: BEGIN TEXT. THE UNITED STATES INTERNATIONAL TRADE COMMISSION TODAY TURNED DOWN THE REQUEST OF AMERICAN WRAPPER TOBACCO GROWERS FOR RELIEF FROM IMPORTS. IN THEIR SECOND DECISION UNDER THE NEW IMPORT RELIEF PROVISION OF THE TRADE ACT OF 1974, ALL SIX COMMISSIONERS DID NOT FIND INCREASED IMPORTS OF WRAPPER
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TOBACCO A SUBSTANTIAL CAUSE OF SERIOUS INJURY TO U.S.

GROWERS OF TOBACCO USED AS THE OUTER WRAPPING OF CIGARS.

THE COMMISSION DECISION WAS BASED ON A FINDING THAT THE DECLINE IN U.S. PRODUCTION OF LARGE CIGARS WAS A MORE IMPORTANT CAUSE OF ANY INJURY TO THE GROWERS THAN IMPORTS OF WRAPPER TOBACCO. THE NEGATIVE DETERMINATION OF THE COMMISSION DENIES TO THE TOBACCO FARMERS ELIGIBILITY FOR RELIEF FROM IMPORTS THROUGH HIGHER TARIFFS, QUOTAS, OR

FINANCIAL ASSISTANCE UNDER THE IMPORT RELIEF PROVISIONS OF THE TRADE ACT OF 1974.

THE INVESTIGATION WAS MADE IN RESPONSE TO A PETITION FILED WITH THE COMMISSION BY THE CIGAR LEAF TOBACCO FOUNDATION, INC., OF QUINCY, FLORIDA. WRAPPER TOBACCO IS GROWN IN THE UNITED STATES IN SOUTH-WESTERN GEORGIA AND NORTH-CENTRAL FLORIDA AND IN THE CONNECTICUT RIVER VALLEY OF CONNECTICUT AND MASSACHUSETTS.

U.S. PRODUCTION OF WRAPPER TOBACCO DECREASED FROM 15.9 MILLION POUNDS IN THE 1969/70 CROP YEAR TO ONLY 11 MILLION POUNDS IN THE 1974/75 CROP YEAR. IN SPITE OF THE DECREASE IN THE AMOUNT OF TOBACCO GROWN, THE DOLLAR VALUE INCREASED FROM 54.2 MILLION DOLLARS TO 59.1 MILLION DOLLARS OVER THE SAME PERIOD. IMPORTS (FARM-SALES-WEIGHT BASIS) INCREASED IN THAT PERIOD FROM 536,000 POUNDS TO 1.1 MILLION POUNDS, COMING CHIEFLY FROM NICARAGUA AND HONDURAS IN CENTRAL AMERICA AND CAMEROON IN AFRICA. HOWEVER, PRODUCTION OF LARGE CIGARS IN THE UNITED STATES DROPPED SHARPLY FROM 8.4 BILLION CIGARS IN 1970 TO 6.5 BILLION IN 1974. END TEXT. KISSINGER

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